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Cauley Geller Announces Class Action Lawsuit Against Network  
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Engines, Inc.  
On Behalf of Investors

NEW YORK, Dec. 16 /PRNewswire-FirstCall/ -- The Law Firm of Cauley Geller Bowman & Rudman, LLP announced today that a class action lawsuit has been filed in the United States District Court for the District of Massachusetts on behalf of purchasers of Network Engines, Inc. (Nasdaq: NENG) ("Network Engines" or the "Company") publicly traded securities during the period between November 6, 2003 and December 10, 2003, inclusive (the "Class Period"). A copy of the complaint filed in this action is available from the Court, or can be viewed on the firm's website at [http://www.cauleygeller.com/show\\_case.asp?ccode=209&pcode=10&pp=4](http://www.cauleygeller.com/show_case.asp?ccode=209&pcode=10&pp=4).

The complaint alleges that by the start of the Class Period, defendants knew, but failed to disclose, that Network Engines was in the process of renegotiating its distribution contract with EMC, and that EMC was demanding price reductions, which, if agreed to, would negatively impact the Company's future financial results. Nevertheless, throughout the Class Period, defendants issued positive statements highlighting the Company's strong financial performance, continued growth and the success of its relationship with EMC, its largest customer. Defendants failed to disclose, however: (i) that the Company was in the process of renegotiating its distribution contract with EMC; (ii) that EMC was demanding price concessions to bring its agreement with Network Engines in line with the pricing that Network Engines was providing to other customers; (iii) that the new distribution contract with EMC would negatively impact the Company's future financial performance; (iv) that the Company would not be able to sustain the growth in its gross margins as a result of the amended contract; and (v) as a result, the Company's positive statements issued during the Class Period were materially false and misleading when made.

Finally, on December 10, 2003, the Company announced, among other things, that it had renegotiated its distribution contract with EMC and the amended contract would negatively impact the Company's gross profit related to the sale of EMC-approved Host Bus Adapters and the Company's distribution operations gross profit.

Following this announcement, shares of Network Engines common stock fell \$3.92 per share, or 39%, to close at \$6.10 per share, on extraordinarily high trading volume, and have continued to decline since that time.

If you bought Network Engines publicly traded securities between November 6, 2003 and December 10, 2003, inclusive, and you wish to serve as lead plaintiff, you must move the Court no later than February 17, 2004. If you are a member of this class, you can join this class action online at <http://www.cauleygeller.com/template8.asp?pcode=6&pp=1>. Any member of the purported class may move the Court to serve as lead plaintiff through Cauley Geller or other counsel of their choice, or may choose to do nothing and remain an absent class member.

Cauley Geller is a national law firm that represents investors and consumers in class action and corporate governance litigation. It is one of

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the country's premiere firms in the area of securities fraud, with in-house finance and forensic accounting specialists and extensive trial experience. Since its founding, Cauley Geller has recovered in excess of two billion dollars on behalf of aggrieved shareholders. The firm maintains offices in Boca Raton, Little Rock and New York.

If you have any questions about how you may be able to recover for your losses, or if you would like to consider serving as one of the lead plaintiffs in this lawsuit, you are encouraged to call or e-mail the Firm or visit the Firm's website at [www.cauleygeller.com](http://www.cauleygeller.com) .

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SOURCE Cauley Geller Bowman & Rudman, LLP

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CO: Cauley Geller Bowman & Rudman, LLP; Network Engines, Inc.

ST: New York, Massachusetts, Arkansas

IN: MAC

SU: LAW

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